



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
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MAY 16 2000

MEMORANDUM FOR DISTRIBUTION

Subj: DEPARTMENT OF DEFENSE REFORM INITIATIVE DIRECTIVE (DRID)  
#53 - RECONCILIATION OF CONTRACTS IN THE MECHANIZATION OF  
CONTRACT ADMINISTRATION SERVICES (MOCAS) SYSTEM

Encl: (1) DEPSECDEF memo of March 23, 2000

Enclosure (1) discusses the replacement of MOCAS by the Defense Procurement Payment System (DPPS) in fiscal year 2001 and MOCAS retirement on October 1, 2002 by the Defense Finance and Accounting Service (DFAS).

The Integrated Process Team (IPT) contemplated by the subject DRID has been formed. Formal guidance has not been prepared by the IPT, but you should be aware that there will be an increasing emphasis on closing out existing contracts administered by Defense Contract Management Agency before the changeover from MOCAS to DPPS. This effort may require some extra time and effort from your contracting, financial management and program management elements.

No immediate action is required. However, guidance is expected to be developed this summer that will provide plans and detailed procedures on facilitating and expediting this system changeover.

I encourage you to share the enclosure widely within your organization.

A handwritten signature in cursive script, reading "Paul P. Buonaccorsi", is positioned above the typed name.

Paul P. Buonaccorsi  
Executive Director  
Acquisition and Business  
Management

Distribution:  
See page 2

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DEPUTY SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-1010

29 MAR 2000



MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
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DIRECTOR, ADMINISTRATION AND MANAGEMENT  
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SUBJECT: Department of Defense Reform Initiative Directive #53 - Reconciliation of  
Contracts in the Mechanization of Contract Administration Services (MOCAS)  
System

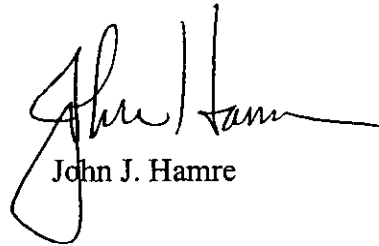
The Defense Finance and Accounting Service (DFAS) will begin the replacement of MOCAS with the Defense Procurement Payment System (DPPS) in fiscal year 2001. The replacement of MOCAS is part of the overall plan to modernize and standardize contract and vendor pay and achieve the goal of eliminating unmatched disbursements and negative unliquidated obligations. Our objective is to retire the MOCAS system on October 1, 2002.

To ease the transition from MOCAS to DPPS, MOCAS retirement will involve a "brown out" period beginning in January 2001 where new contracts will be paid out of DPPS and existing contracts will be paid out of MOCAS. At the conclusion of this "brown out" period, all remaining MOCAS contracts will be converted from MOCAS into the new system. This allows less than three years to reconcile, close, or convert the 350,000 existing MOCAS contracts. Some of these contracts are as much as 30 years old, have extensive deliverables and/or lines of accounting, or a history of payment related issues that will require substantial time and effort to reconcile. On the other hand, performance has been long completed on many of these contracts. It is clear that transferring contracts to DPPS when performance under those contracts has been completed represents an unnecessary and unwise cost to the taxpayer. Accordingly, I direct the Military Departments and the Defense Contract Management Command (DCMC) to develop comprehensive plans closing out all completed contracts, and the orderly transition from MOCAS to DPPS for contracts with continuing requirements. DFAS will assist in reengineering the reconciliation process and procedures to support the retirement of MOCAS and close out of all contracts under which performance has been completed.

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To integrate and coordinate the reconciliation, closeout, and conversion of these contracts, I direct the establishment of a DoD-wide Integrated Process Team (IPT) with membership from the Military Departments, Defense Logistics Support Command, DFAS, and the DCMC. The Principal Deputy Under Secretary of Defense (Acquisition, Technology & Logistics) and Principal Deputy Under Secretary of Defense (Comptroller) will co-chair the IPT and will monitor and report progress on the closeout and/or conversion of these contracts.

The Military Departments should initially focus on the contracts that will be the most difficult to reconcile and close. For this reason, contracts over \$100M should be the early focus with expeditious efforts to move forward and close all other contracts. The IPT will provide the Deputy Secretary of Defense with in-progress reviews every 12 weeks during this process, beginning with a review no later than June 4, 2000, of the initial plans to achieve both the close out and transition goals.

A handwritten signature in black ink, appearing to read "John J. Hamre", with a stylized, flowing script.

John J. Hamre